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In the Supreme Court of the United States

OCTOBER TERM, 1957.

No. 836.

JAMES C. HOBBS, a citizen of the United States and a resident of Florida,

Petitioner,

vs.

WISCONSIN POWER & LIGHT COMPANY, a Wisconsin Corporation,

and WILLIAM POWELL COMPANY, an Ohio Corporation,

Respondents.

REPLY BRIEF OF PETITIONER.

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(1) THE CONFLICT WITH THE COURT OF APPEALS FOR THE SECOND CIRCUIT.

The express conflict between the Court below and the Court of Appeals of the Second Circuit as to the effect of the new Patent Act on the standard of invention (Pet. pp. 10-15) is neither answered nor avoided by respondents' erroneous arguments based on the advertisement Ex. 40.

The Court below said (Pet. p. 29) that the Statute does not change the standard of invention; the Court of Appeals for the Second Circuit has held that it does (*Lyon v. Bausch & Lomb*, 224 F. 2d 530, 534, 535).

The basic issue between the parties here is sharply outlined by Respondents' quotation from *Atlantic Works vs. Brady*, 107 U. S. 192, 200 (Res. Br. pp. 10-11).

This Court there held that the design of the patent laws is to reward those who make substantial inventions and advances in the useful arts, and that "such inventors are worthy of all favor."

Trivial devices or changes, not to be protected, were defined as those "which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufacture."

This is the test of the new statute, the test which the Court of Appeals for the Second Circuit has held the Statute has restored; the test which the Court below rejected (Pet. pp. 11-13).

Here the District Court found the prior valves leaked from three different causes; that the petitioner's valve invention *eliminated* the leakage; that there had been a need to solve the leakage problem, recognized for 26 years; efforts and failures to solve it; and widespread public adoption and use and extensive commercial success of petitioner's solution to the problem (3 A. pp. 1410-1413; Findings 11-23).

These fact findings, based on uncontradicted evidence establish (1) that petitioner made a *substantial* invention or discovery which has added to our knowledge and made an important step in advance in the useful art of steam power generation. The magnitude of this step in advance is demonstrated by the facts that the success and public adoption, found by the District Court, have amounted to sales of $15,000,000 worth of the patented valves (1 A. p. 188), that in this field the patented valves have almost completely supplanted all other valves (1 A. p. 337; 2 A. p. 754; 3 A. p. 962), and that they made possible a 50% increase in power from a given amount of fuel (3 A. p. 994).

These findings also establish (2) that petitioner's invention was not one that would "naturally and spontaneously" occur to any skilled mechanic or operator, since for more than 26 years the skilled mechanics and operators endured the leakage of extremely dangerous steam from the prior art valves, tried to overcome this leakage and failed to do so. Thus it is unnecessary to speculate; it is established that for 26 years petitioner's invention did not "naturally and spontaneously," or in any other way, occur to the skilled mechanics and operators. Where there was a recognized need for a solution to a problem (3 A. p. 1411, Finding 18); where the safety of the skilled mechanics and operators was constantly threatened by the "extremely dangerous" steam leaking from the prior art valves (3 A. p. 1410, Findings 11-14); the failure of all those skilled mechanics and operators to adopt and use the petitioner's invention proves beyond a shadow of a doubt that it was not something which would "naturally and spontaneously occur to any skilled mechanic or operator." No mechanic or operator would wait 26 years to make an obvious change which would remove a constant threat to his safety, no mechanic or operator would wait 26 years to make an obvious change which would increase the salable output of a plant by 50%.

While finding these facts which establish that petitioner's inventions did not "naturally and spontaneously" occur to the workers in the art and were not "obvious" at the time the inventions were made, the District Court, through a confusion between different statutory provisions (35 U. S. C. 102(b) and 103), based a conclusion of non-invention on Finding 33 (3 A. p. 1416) that the claimed subject-matter was known to the art and would have been obvious "more than two years prior to February 23, 1940";

a time *after* petitioner had disclosed his invention to the industry for the purpose of having valves made (1 A. pp. 161, 165; 3 A. p. 1412, Finding 21). The Court of Appeals correctly set aside Findings 33 and 50, the lower Court's only fact findings of obviousness (Pet. p. 30), but nevertheless affirmed the conclusion of invalidity because of fact findings that the elements of petitioner's new combination were separately old (Pet. pp. 29, 30, 33-34).

Since all new things can be analyzed as nothing more than new combinations of old things,* the lower Court's conclusion of non-invention—in the absence of any fact finding in conformance with the Statute (35 U. S. C. 103), and merely because the new device can be analyzed into separately old parts which always appear easy to combine by hindsight—is a clear application of the "high" standard of invention which the Court of Appeals for the Second Circuit has held to have been abolished by the new Statute (Pet. pp. 11-13).

Thus, the Court below and the Court of Appeals for the Second Circuit are in clear and irreconcilable conflict on the effect of the new Statute on the standard of invention. The issue is clear and urgent: Do we want to *encourage* invention by construing the Statute as restoring the old standard of invention under which this country achieved technological leadership of the world; or do we want to *discourage* invention by applying a standard under which invalidity necessarily follows if the infringer's advocate is sufficiently astute to analyze the new invention into old parts and make their assembly by hindsight look easy and simple?

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* Even new "elements" produced by atomic reaction are merely new combinations of old particles, such as electrons, protons and neutrons.

(2) THE CONFLICT WITH THE COURT OF APPEALS FOR THE FOURTH CIRCUIT.

The express conflict between the Court below and the Court of Appeals for the Fourth Circuit is inescapable. The Court below followed the ruling that

> "the presumption of validity of a patent does not exist as against evidence of prior art not before the Patent Office * * *." (Pet. pp. 30-31.)

whereas, the Court of Appeals for the Fourth Circuit correctly ruled that the presumption of validity is not weakened by references that

> "do not involve some substantial element in the defense of anticipation which was not considered by the Patent Office." (246 F. 2d 789, 801.)

The rule in the Eighth Circuit conforms to the rule in the Fourth Circuit. Thus in *Detroit v. Burke*, 4 Fed. (2) 118, it was said at page 122:

> "It is true that these two patents are the only citations in the file wrapper; but this is far from proving that the other patents were not considered. The presumption is that the officials of the Patent Office did their duty, and considered the other patents now brought forward as new prior art."

It is not true, as respondent asserts (Res. Br. p. 9) that the Court below applied the same rule as the Fourth Circuit, but that the difference was in the facts.

Respondents say the Patent Office did not cite Ex. 40 against patent Re. 23,272. But respondent does not and cannot deny that Ex. 40, advertising licenses under the Bredtschneider patent No. 2,029,606, adds nothing to the patent itself, which was cited. (Pet. p. 17).

Respondents say:

> "The Patent Office did not know that the advantages asserted by the patentee in his patent application were disclosed in Exhibit 40 and the information he learned

from its author when he wrote inquiring as to license fees."

The Patent Office did not know this, and neither does anyone else. It is not true. Neither Ex. 40 nor the advertising letters written to petitioner and others in the art disclose anything more than the Bredtschneider patent itself. None discloses the petitioner's valve invention or its advantages or achievements. (2 A. p. 891.)

Respondents next assert that the Patent Office did not have before it the Tongue article (E. V. 71-74). This article contains pictures and an advertisement of the Bredtschneider closure, but adds nothing to the disclosure of the Bredtschneider patent itself.

Next, respondents assert that the Patent Office did not cite the Heine German patent No. 511,842 or the Cocard Italian patent No. 327,289. But it is admitted that none of these references disclose the invention of patent Re. 23,272 (2 A. p. 891) and that none of the prior art in this case is any more pertinent than the conventional bolted bonnet valve and the Bredtschneider patent No. 2,029,606 (2 A. p. 892). This was the same prior art that was cited by the Patent Office which ruled that it was not obvious to modify and combine them to produce petitioner's invention (2 A. pp. 916, 922).

Thus, there is no dispute that all respondents have done is cite other copies of the same disclosures the Examiner cited, a strategem accepted by the Court below as destroying the statutory presumption of validity.

(3) RESPONDENTS' ERRORS.

Respondents mis-represent the invention of patent Re. 23,272 to create merely verbal similarities with the prior art, pretending this avoids, in the instant case, the above conflicts between the Circuits on questions of pressing National importance.

The allegation (Res. Br. p. 2) that the novelty of patent Re. 23,272 "was in substituting a 'pressure seal' joint" is an allegation made only by respondents. There was no prior art valve in which such a substitution could be made at the valve stem receiving and guiding opening.

The "idea or principle" of the invention is to divide the unitary bonnet of the prior art, carry the valve stem and its actuating means by an outer member secured to the body, guide the valve stem by a floating inner member telescoped in the outer member, and seal the joint with a pressure seal between the inner and outer members (3 A. pp. 1411-1412, Finding 20). The "idea or principle" of the invention is the mental conception of the complete machine, including all the elements and the plan or arrangement of them so as to be capable of useful operation when constructed (*Agawam Company v. Jordan*, 7 Wall. 515, 602-604). Respondent's characterization of the invention as "a high pressure valve with a pressure seal joint" (Res. Br. p. 2) is a meaningless abstraction. It is not the patented invention: it is not an idea or principle or concept of any invention because it is not complete or operative.

The advertisement Ex. 40 (E. V. p. 21) is equally meaningless. It illustrates a closure. It does not illustrate a valve. It offers licenses under the Bredtschneider patent No. 2,029,606, the same Bredtschneider patent which was cited by the Patent Office and over which patent Re. 23,272 was allowed. The advertisement states:

> "Utilizes interior pressure to secure absolute tightness, even under varying pressure and temperature conditions in high pressure vessels, pumps, valves and pipe lines."

This says no more than that the illustrated closure could be used to close a hand-hole or the like formed in the wall of a valve body, pipe or other pressure vessel. It says no

more than the Bredtschneider patent itself as the District Court found (3 A. p. 1414, Finding 29).

Neither the patent nor the advertisement discloses any guide or support for a valve stem or any way to change the stem guiding bonnet of the prior art valves so that it would even be possible to use a pressure seal joint at a bonnet, and no disclosure that this should be done or that it would solve the long-standing leakage problem.

The device of the Bredtschneider patent and of the advertisement Ex. 40 could not even be used in the new combination of patent Re. 23,272. The petitioner's invention places a pressure seal between an outer member and an axially slidable inner member which guides the valve stem by being telescoped in the body. The Bredtschneider joint depends upon "ample clearance between the locking cover of the wall of the vessel and the holding ring." (P. B. tab. 15, col. 2, lines 27-28).

Pfeiffenberger, the American representative of the German owner of the Bredtschneider patent, actively solicited the entire country. Not a single Bredtschneider joint was made or sold as a result of his efforts (3 A. pp. 1177-1178). The letters Pfeiffenberger wrote to petitioner and others disclosed nothing more than the patent itself or the advertisement Ex. 40 and neither disclosed nor suggested petitioner's new valve to anyone in the valve industry.

Advertisements like Ex. 40, letters and drawings were submitted by Pfeiffenberger to respondent William Powell Company (3 A. pp. 1324-1328). This material was so uninforming that respondent Powell did not even answer the letters (3 A. p. 1178). Although Powell was thus fully informed of all of the claims and disclosures of Bredtschneider and Pfeiffenberger, when Powell accepted the order to build the first patented valves for petitioner's

company, the Diamond Alkali Company, it described these valves as embodying "basic ideas of the Diamond Alkali Company" (E. V. p. 272); not ideas, basic or otherwise, of either Bredtschneider or Pfeiffenberger or of Ex. 40.

Originality: In the Answer in this case the respondent Powell pleaded that it originated the invention of patent Re. 23,272 in suit and that petitioner had derived it from respondent and was therefore not a first and original inventor (1 A. pp. 25-26). The pleading referred to respondent and "others"; no others were identified as required by the Statute (35 U. S. C. 282) so that the issue was solely whether respondent Powell or petitioner had first conceived the invention and disclosed it to the other.

This pleading was false. Respondent Powell sought to support it by denying it had received, or was in possession of, Hobbs' colored drawing Ex. 52 (3 A. p. 1299) and by assertions that Powell, not Hobbs, had "conceived" the invention (3 A. pp. 1296-1297).

In later depositions, draftsmen employed by respondent Powell admitted on cross-examination they had been given a Hobbs drawing which they merely copied, on an enlarged scale, to make the first Powell drawings showing the patented invention (3 A. pp. 1070, 1095-1096, 1102). The Hobbs drawing was thereupon produced by respondent (3 A. p. 1073) and marked defendants' Ex. 236. It is trial Ex. 52 (E. V. p. 36) and was found by the trial Court to show the invention of patent Re. 23,272 (3 A. p. 1412, Finding 21).

Under the law, this admission that respondent Powell had received and copied petitioner's drawing showing the invention disposed of the pleaded issue of originality in favor of petitioner. (*Agawam v. Jordan*, 7 Wall. 583, 603.) The District Court, however, based a conclusion of lack

of originality on a finding that respondent Powell had built the first valves for petitioner after petitioner had disclosed the invention. This was an error of law. (Petition, p. 27.) To escape the onus of this error and of the proof that respondent Powell had falsely claimed to have originated the invention, respondents denied in the Court of Appeals any intention to raise such an issue, claiming the pleading merely meant the invention had originated in the prior art Bredtschneider closure. But this is the issue of "obviousness," it being admitted by respondents' expert that petitioner's invention is not identically disclosed in *anything* in the prior art, including the Bredtschneider patent and the advertisement of it, Ex. 40 (2 A. pp. 890-891). The Court of Appeals accepted this untenable excuse and discussed the question as though the Statute, 35 U. S. C. 102 (f) meant the same thing as Section 103 (Pet. pp. 27-29). Since the substance of the ruling relates only to Section 103, petitioner did not discuss the erroneous reference to Section 102 (f) in the Petition as respondent points out (Res. Br. p. 6).

Objective Evidences Of Invention: The fallacies urged by respondents and accepted by the Court below (Pet. pp. 31-32; Res. Br. pp. 7-8) do not weaken the force of the objective evidences of invention established by the proof and found by the District Court.

The undisputed success of petitioner's inventions in solving the long-standing leakage problem and almost entirely replacing all other valves in the high pressure steam plant field (3 A. p. 1412, Finding 20; 1 A. p. 337; 2 A. p. 754; 3 A. p. 962) is not diminished by the fact that in other fields users still tolerate the leakage of bolted bonnet valves or the lack of accessibility of welded valves. It is true that the bolted bonnet valve has not "fallen into

disuse" since petitioner's invention; it is equally true that the telegraph has not fallen into disuse since the invention of the telephone and radio. The continued use of the telegraph does not detract from the merit of the telephone; the continued use of both the telegraph and the telephone does not detract from the merit of radio.

It is also true that petitioner's licensees and the respondent Powell continue to offer to sell bolted bonnet valves for all purposes. In the high pressure steam plant field, however, the customers, guided by experts and engineers, purchase only the patented valves (1 A. p. 337).

It is true that welded bonnet valves are purchased for some uses. In the steam plant field, as the lower Court found, the valves "must be capable of being readily opened" (3 A. p. 1408).

The lessened weight of acquiescence in validity in *Thropp's Sons Co. v. Sieberling*, 264 U. S. 320, 329, was based on the acquiescence by those "without sufficient knowledge of the prior art, or adequate capital to resist." Petitioner's licensees are the world's two largest valve manufacturers, the Crane Company and the Walworth Company, with ample capital and complete knowledge of the prior art (3 A. pp. 1031, 1040). Bredtschneider, the patentee of patent 2,029,606 principally relied upon, is even employed as an engineer by the Crane Company (3 A. p. 1181). Thus, the lessened weight attributed to the licenses in the cited case is completely irrelevant.

It is quite true that the skepticism of the art was directed toward the worth of petitioner's valve design submitted to manufacturers for bids. Such skepticism has been held to be evidence of invention because manufacturers are skeptical of devices which depart from the accepted and obvious course (*National v. Richardson*, 63

F. 2nd 289, 292; *McKee v. Graton & Knight*, 87 F. 2d 262, 264). Despite the universal skepticism, petitioner finally prevailed on respondent Powell to make the patented valves, which was done by Powell by copying, on an enlarged scale, petitioner's disclosure drawing Ex. 52 (3 A. pp. 1070-1095, 1096, 1102).

The most ludicrous fallacy is the effort to excuse respondent Powell's recognition and acquiescence by the claim that it paid petitioner $5,000 and took a license as a favor to petitioner who needed three bidders on a Navy contract. Had respondent Powell then believed what it now urges, it would have bid on the Navy contract without taking a license. If it had paid petitioner $5,000 merely as a favor, it would not have solicited a renewal of the license and threatened to infringe if it could not obtain one (2 A. p. 909).

Aggregation and Old Combination: Both Courts below erred in the law in concluding that the combination of patent Re. 23,272 is invalid as an aggregation and as an old combination because the new arrangement does not add a new function.

As the District Court found, the combination of this patent "eliminates leakage" (3 A. p. 1412, Finding 20). All of the prior valves leaked from each of three separate causes (3 A. p. 1409-1410, Findings 11, 12 and 13). All of the desirable functions and all of the necessary features are retained, but the evils of the prior art are eliminated by a new arrangement. The forces which caused the prior valves to leak are still present; by petitioner's invention they are transmitted in such a way that they cannot pry open the joint and cause leakage. The eradication of defects of the prior art is as much a new result as the addition of a new function. (*Goodyear v. Ray-O-Vac*, 321 U. S. 275, 279.)

Patent Re. 23,137: The differential angle of one degree in the Curtiss publication referred to by respondent (Res. Br. pp. 5, 9) is not in a pressure seal joint. This disclosure was not relied on by respondents' expert or by either Court below, and is irrelevant. There is no dispute of the proof that Bridgman joint could not be re-opened and has never been used commercially (2 A. pp. 926, 929, 941). There is no dispute that the joint of patent Re. 23,137 which has been used in the $15,000,000 worth of licensed valves sold by petitioner's licensees eliminates this defect which rendered the prior device inoperative (2 A. pp. 928-929, 941).

Infringement: The Court below expressly and specifically stated a rule in direct conflict with the decision of this Court in *Graver Mfg. Co. v. Linde*, 339 U. S. 605, 607. The Court below found non-infringement because of the "details specified in the claims" (Pet. p. 40). This Court held that infringement cannot be escaped simply by not copying "every literal detail."

The ruling of non-infringement of patent Re. 23,137 on the ground that petitioner is estopped to obtain the benefit of a broadening amendment permitted by the Examiner on reconsideration is contrary to the express rulings of this Court. Estoppel arises only from both limiting the claim and accepting a patent with the limitation, or, in other words, accepting a limitation as a condition of the grant (*I. T. S. Co. v. Essex Co.*, 272 U. S. 429, 443-444). As this Court said in that case, if the Examiner is wrong the applicant can appeal and avoid the estoppel; manifestly where, as here, the Examiner is so clearly wrong as to permit removal of the limitation on reconsideration, avoiding the necessity of an appeal, there is likewise no estoppel.

CONCLUSION.

It is common knowledge and is being widely advertised by the electrical industry that while the cost of living has increased more than 100% since 1939, the cost of electrical power has remained substantially constant. A major reason is the increased efficiency made possible by petitioner's inventions which solved the valve problem and eliminated this bottleneck.

If such an advance in the art is not a "substantial discovery or invention" making the inventor "worthy of all favor" (*Atlantic Works v. Brady*, 107 U. S. 192, 200) the inevitable result will be that scientists and engineers will not spend their time and money and investors will not risk their capital in attempting to make such improvements in the future. Thus, the decline in invention and technological progress in this country which is already well underway (Pet. pp. 18-19) will continue unchecked and the purpose of the new Patent Statute (35 U. S. C. 103) will be defeated.

Only constructive leadership by this Court can stem the tide.

Allowance of the Petition is respectfully requested.

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